

est reforms, will plunge the entire planet into an early new dark age which will last for perhaps two or more generations. The 1945-1963 model of a fixed-exchange-rate monetary-financial system, should immediately replace the 1971-2001 floating-exchange-rate, “globalized” system; but, this time, all regions of the world must be principal partners of the new system modelled on the best experience of the 1945-1963 Bretton Woods system.

Q: *The alternatives?*

LaRouche: There are two distinct, but ultimately interdependent means for bringing about a rescue of the world’s nations from the present combination of a general monetary-financial collapse and the effects of the recent coup d’état attempt.

The easier part of the solution, for me, is the economic solution. Since I am an economist of a certain degree of relevant knowledge and experience, designing a system which offers a successful alternative to the presently onrushing catastrophe, is within my intellectual means. The more difficult challenge is of the form: where shall we find combinations of political power, which might represent both the willingness and the commitment, to impose the needed new system?

I would emphasize two sets of facts, as bearing on the possibility of the needed political side of the solution. First, I point to the rising tide of impulses for economic collaboration within most of Eurasia, since the time of the 1998 GKO crisis. Second, I emphasize that the U.S.A., the world’s leading military-political power, has no hope of surviving unless it changes its present ways, into the directions of economic, monetary, and financial reform I have indicated.

We have seen, beginning with Russia’s Prime Minister Primakov, and resumed and extended by President Putin, cooperation in long-term economic development and mutual security, of Russia with the nations of East, Southeast, South, and Central Asia. These negotiations are coupled with an increasing reliance, by western Europe, on long-term markets for technology in Asia. These developments, while not yet fully secured policies, are major steps in the needed direction of things.

Were the U.S.A. to become a partner of such a Eurasian-cooperation system, the needed basis in economic interest for a peacefully developing world, is established. With included features such as Middle East peace enforced by a concert of such powers, the role of Egypt as the natural, historically and geographically determined pivot of the development of Africa as a whole, comes into play, just as U.S.A. cooperation facilitates the benefits available to Central and South America.

I am therefore optimistic, but not blindly so.

Together, with others, you and I may each play a significant role in bringing a just new world political-economic order out of the nightmare which grips the world today.

Schröder Survives, But Germany’s Crisis Remains

by Rainer Apel

On Nov. 16, German Chancellor Gerhard Schröder won a no-confidence vote in the parliament, the Bundestag, by a two-vote majority: 336 votes, which is barely above the required “Chancellor’s majority” of 334 votes, in a legislature of 666. Schröder had linked the confidence vote with the Bundestag endorsement for sending 3,900 German troops into the “war against terrorism” in Afghanistan, the Middle East, and/or Northeast Africa. Schröder blackmailed dissident members of his ruling coalition with the threat: If you vote against the package and the government fails, you will be blamed personally. Through this tactic, Schröder managed to arm-twist some of the approximately 23-30 Social Democratic (SPD) and Green party dissidents, into voting for him.

But Schröder’s hair-thin victory does not mean that his “red-green” coalition government will stay in power until September 2002, when the next national elections are scheduled. Even if no threat were posed to the government from the Bundestag, there still are enough frictions within the government that could make the coalition collapse. The surprise resignation (or dismissal?) of Schröder’s chief foreign policy adviser Michael Steiner on Nov. 20, underlined the extent of these frictions. The scene in Berlin is not so different from that in Washington, D.C., with faction fights and power struggles at the highest echelons of the administration.

Frictions will increase, as soon as German troops get into real combat situations. German soldiers face the prospect of an ugly, bloody, and protracted war — and not only in Afghanistan. Whatever the rhetoric by politicians and propaganda in the media, in the population there is a deep-rooted aversion to having German troops participating in the “war against terrorism,” and this is illustrated in recent opinion polls that show 70% of Germans opposed to such military missions. Competent, professional criticism of such missions by senior German military figures, which in the recent days has been buried under the government and media propaganda, will gain more widespread attention, as soon as the first German body-bags return home.

The ‘D-Word’

There are other factors that make the survival of Schröder’s government doubtful: the deepening economic depression and the government’s economic incompetence, with the certainty that unemployment will surpass 4 million early next year. The Chancellor may not be aware of the full scope of



Getting through a no-confidence vote for no good reason, German Chancellor Gerhard Schröder (center) with his Green party partner and Foreign Minister Joschka Fischer (left) and the head of the Social Democratic Party caucus in the Bundestag, Peter Stuck.

the crisis, but he knows that if unemployment rises above the 4 million mark, the population will see that as “the Schröder depression.” The Chancellor himself for the first time used the “d-word” in an interview on the Nov. 18, prime-time news program of the ARD first national television channel. There, he acknowledged that there are profound problems in the economy of the United States and Japan that will affect the German economy severely, in the coming weeks. Then, Schröder said that not only the European Union, but also the Group of Seven or the G-8 “should be activated, the finance ministers should give some thought to how something can be mobilized on a world economic level.” All economies are globally interdependent, including Germany’s, Schröder said, and therefore, “a signal should be sent to consumers that the states of the world community have no interest in letting a weakening of the conjuncture turn into a depression or even only a recession.”

Foreign Minister Joschka Fischer, during the Nov. 16 Bundestag debate on the no-confidence vote, also unexpectedly spoke about the high unemployment in Germany, locating that in the context of a “world economic crisis”—a phrase he used twice. This fact was noted by observers, since Fischer speaks very rarely on economic matters. One reason that Schröder and Fischer began to speak about the world economic crisis, was a political calculation: The German government had pressured dissidents to vote in its support, with the argument that even if they opposed its military policy, they would still simply have to vote for the government, because the economic situation required that the “red-green reform

coalition” stay in office. When Schröder delivered the keynote address to his Social Democratic Party’s national convention in Nuremberg, on Nov. 19, he used the same argument.

No Solution Offered

This argumentation, however, puts Schröder and Fischer in a bind: Either they come up with something that promises to reduce unemployment, or at least stops it from increasing, or within a few weeks, the government will be faced with fierce opposition from the labor unions. The metal workers, Germany’s largest labor union, with more than 3.5 million card-carrying members, is also opposed to the Afghanistan adventure. Continuing government budget cuts and fiscal austerity programs, the increased expenditures for the military deployments, and the failure of the government to do something about the unemployment, form one coherent picture for labor: This government is spending billions on bombs, but nothing on jobs, labor critics of Schröder complain. Some are already posing

the appropriate question: Why is the government acting against terrorists, but not against financial speculators? During the debate at the SPD convention in Nuremberg, arguments of this kind were voiced, coupled with calls to stop the budget-balancing tricks and instead to launch incentives for industry to create new jobs.

At Nuremberg, Schröder, his Finance Minister, Hans Eichel, and other SPD leaders told the delegates, that Berlin would not alter its budget policies, nor allow more government borrowing to create incentives. Rather, the government would continue to work toward a balanced budget by 2006, they said. And if the “war on terrorism” requires more funds, those would be taken from other budgets, they implied.

But this sounds like a military commander who refuses to retreat from an untenable position, even though he has not a single bullet left to be used for its defense. And like that commander, the German Chancellor and his Finance Minister may wake up one morning and find that some of the troops have deserted overnight. In a situation in which the usual tricks won’t work any longer, the Chancellor may find that his arsenals to keep the discipline of his Bundestag majority, are empty. After all, the Chancellor cannot use the instrument of the no-confidence vote every other week, in order to survive. Defense Minister Rudolf Scharping was the first to feel the political backlash: At the SPD convention, he was re-elected into the national party executive with only 58.8% of the delegates’ votes—the lowest result ever, in such a convention vote. Apparently, more than 40% of the delegates disliked his endorsement of the war on terrorism.